

## Scottish Regional Report on Healthy Learning Environment for Training in SMEs

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## **Abstract**

This report outlines the UK contribution to the 'Healthy Learning in SMEs' project. The report has been written so as to provide non-UK specialists with a brief overview of the role of SMEs within the UK and Scottish economies and possible barriers to the implementation of healthy learning within SMEs.

The report begins in section 1 with an overview of the UK economy and the importance of SMEs to national economic growth. Significant economic and demographic trends in the economy are outlined to provide a context to later discussion on the importance of healthy working environments. Section 2 of the report considers EU and UK statutory provision that influences the provision health and training activities within SMEs. This section also focuses in on the crucial role that SMEs have within the Scottish economy where fieldwork for the study takes place. Section 3 explores empirical evidence on the role of SMEs in the delivery of a healthy learning environment for employees. Factors that affect the likelihood of SMEs adopting healthy working practices for their employees are discussed and include company size; level of understanding of workplace health issues; business ethos. The report concludes by highlighting possible approaches to the delivery of healthy learning within SMEs whilst recognising the limited human and financial resources available to SMEs to deliver such programmes.

## **1. Introduction to the Regional Situation**

In the UK, work is viewed as having a range of social and health benefits for the individual. Work provides an income, structure and purpose to individual lives. It is recognised as being generally good for both physical and mental health.

Despite the positive effects of work being recognised, there continue to be a high number of working days lost to ill-health. In the UK, the annual economic cost of ill-health in terms of working days lost and worklessness was over £100 billion. The largest employer federation in the UK, the CBI, estimated that a total of 172 million working days were lost to employer absence costing employers £13 billion. In 2009/10, an estimated 1.3 million people who worked during the last year were suffering from an illness (long-standing as well as new cases) they believed was caused or made worse by their current or past work<sup>1</sup>. In addition employer days lost and the cost to industry, there are high numbers of people moving from employment to sickness benefits. More than 2 million people currently claim some form of sickness benefits. Once out of the labour market, those making a claim for sickness benefits are more likely to experience worse health than those in the labour market and will experience a prolonged period out of the labour market, experience poverty and become socially excluded.

One way of minimising the effects of ill-health on individuals and the economy is to ensure that the place of work follows basic healthcare procedures that enable individuals to return to work or may reduce the likelihood of absence among current staff. By putting in place measures to improve workplace learning on health matters, there is an

expectation that the cost to the economy and the social and psychological costs to the individual of absence from the workplace could be reduced.

This contextual report examines the practice of informal workplace learning in SMEs in Scotland. It examines existing policy and practice in the field and develops an analysis of the current situation regarding healthy learning environments for employers and employees. Initially the report introduces key recent policy texts that have shaped the way in which employers are required to implement measures to improve the wellbeing of their employees. Although it is widely noted that work has health benefits for the individual, this must be understood that this refers to work that is safe and healthy for the individual. Despite this caveat regarding the type of work undertaken, it remains the case that most of the time the beneficial effects of work outweigh the more negative effects of long-term worklessness or sickness absence from the labour market.

## **1.1 Introduction to the UK Employment Market**

The UK economy has undergone a series of important changes in recent decades. Notable among these are: a growth in the size of the labour force as the population has increased; an increase in the proportion of women in the labour market; a reduction in the size of the manufacturing sector; recessions in every recent decade including the recent recession of 2008-09 (ONS, 2011). These events are critical to understanding current employment and unemployment rates for different socio-economic groups. Other key points regarding the UK economy are:

- Between 1971 and 2011, an upward trend in the proportion of women in employment and a reduction in employment rates for men. Employment rates for women rose from 53% in 1971 to 66% in 2011. Male employment rates reached 92% in 1971 and fell to 76% in 2011.
- The gap between employment rates for women with and without dependent children has been narrowing over the last 15 years. The gap in employment rates has fallen from 5.8% in 1996 to 0.8% in 2010.
- Between 1992 and 2011 the age group with the largest increase in employment rates was the 50-64 year olds. The largest decrease was in the 16-17 year age group. Many within this group have stayed on in education rather than enter the labour market.
- The decrease in employment caused by the 2008-09 recession led to a decrease in the number of full-time posts and an increase in part-time employment.
- The 2008-09 recession led to lower levels of unemployment than was experienced during other recessions. Unemployment increased from 5.2% in 2008 to 7.7% in 2011. Women experienced a lower increase in unemployment rates than men because job losses occurred in full-time posts where men are more represented.
- Analysis of social trends suggests that there has been little change in the proportion of the working age population who are economically active. This figure varies between 22% and 26%. The proportion of women who were economically inactive decreased considerably from 44.5% in 1971 to 29% in 2011. Male inactivity rates increased from 5% in 1971 to 17% in 2011. Women were more likely than men to be economically inactive because they were looking after the family or home in 2011 (35% compared to 6%).

## 1.2 Economic Activity and Inactivity

Current data on the state of the UK economy suggest that it is still in a period of difficulty with high unemployment. The unemployment rate for the three months to August 2011 was 8.1%, an increase of 0.4% on the previous quarter. This represents 2.57 million people out of work. This was the highest number of people out of work for about 15 years. Significantly, the number of young people out of work is higher than it has been for almost two decades (ONS, 2011). The unemployment rate for people aged 16 to 24 increased by 74,000 in the three months to August 2011. This means that almost a million young people (991,000) are out of work, the highest it has been since 1992. Figure 1 shows how the employment rate for this age group has remained relatively stable throughout the previous two years with no overall increase in the proportion of young people becoming employed.

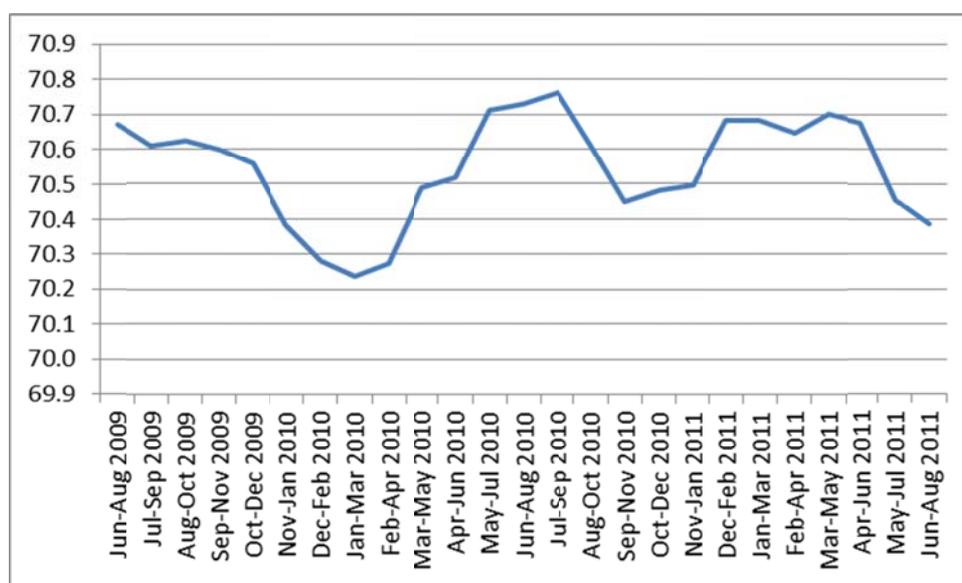


Fig 1.1 Employment rate for those aged 16-24, seasonally adjusted (%)

Source: ONS, 2011

The employment rate for men of working age (16-64) was down 0.6% on the previous quarter to 75.4%. The rate for women in the same quarter was 65.4%, down 0.1% on the previous quarter. The total number of people in employment was 29.10 million in the same quarter. The public sector experienced a reduction of about 100,000 in the number of people employed down to 6 million while the number of people employed in the private sector increased by 41,000 to 23 million (ONS 2011). Regionally, the UK presents a more complex picture with the East and South East of England having the highest employment rates at 74.5%. The North East of England has the lowest employment rates at 65%. Unemployment was highest in the North East at 74.5% and lowest in the South East at 5.8% (ONS, 2011). Inactivity rates were highest in the North East (26.5%) and lowest in the East (20%).

Over the previous three decades, economic activity and inactivity rates in the UK have remained relatively stable. The proportion of those in employment has remained between 74% and 78%. Rates of economic inactivity have varied between 22% and 26%. Variations in rates of unemployment reflect periods of recession in the mid 1980s, early 1990s and most recently an increase in 2008-09. In 2010, the UK had the seventh highest employment rate of the EU27. The UK was 5.5% above the EU27 average (ONS

2011). On a comparison with the EU27 countries, the UK has seen less variation in the previous 4 years employment rates than other member states. Employment rates reached a high of 72% in Q4 2007 and a low of 69% in Q1. This compares to Ireland which saw a high of 70% in Q3 2007 and a low of 59% in Q4 2010. From a European perspective, the UK has, so far, therefore experienced less variation in employment rates as a result of the 2008-09 recession.

## **2. The Scottish Regional Workplace Culture**

The previous decade has seen several key documents emerge that have influenced the national policy debate around the healthy working and lifelong learning agendas. Beginning in 2000 with the publication of the EU Lisbon Strategy there was a unified pan-European attempts to improve competitiveness and grow the economies of the European nations. The EU Lisbon strategy sought to create 'the most dynamic and competitive knowledge-based economy in the world capable of sustainable economic growth'. The Lisbon agreement emphasised the role of greater cohesion and job security for workers across the EU. A key element of the agreement was the creation of a more flexible and adaptive workforce. Member states were required to produce action plans relating to growth and employment. In the UK, The Leitch Review of Skills (2006) was the UKs response to this requirement. The review was charged with considering the UKs long-term skills needs. The review notes a direct correlation between skills, productivity and employment. Crucially, those with low skills risk being isolated from the labour market and risk poverty and deprivation as they struggle to re-enter the labour market. The review noted that 'the best form of welfare is to ensure that people can adapt to change. Skills were once a key lever for prosperity and fairness. Skills are now increasingly the key lever<sup>2</sup>'.

Within Scotland, workplace health is a devolved issue meaning that health and welfare of workers is the responsibility of the Scottish Government. The Scottish Government has stated that achieving sustainable economic growth is linked to the health of Scotland's people and their ability to improve economic competitiveness. The Health Works policy document outlines the Scottish Governments commitment to ensuring the health and welfare of Scotland's workers. As with the UK policy context, the Scottish Government emphasises the economic benefits of a healthy workforce in addition to the health and wellbeing effects:

*"A healthy working life is one that continuously provides working-age people with the opportunity, ability, support and encouragement to work in ways and in an environment which allows them to sustain and improve their health and wellbeing. It means that individuals are empowered and enabled to do as much as possible, for as long as possible, or as long as they want, in both their working and non-working lives."*<sup>3</sup>

Improvements in economic productivity are linked to improving worker health and participation in the labour market. It is assumed that labour market participation enables individuals to share in national prosperity and address the causes of ill-health and social inequality. The most recent Scottish Government document on healthy working for employees encourages employers to put in place proactive workplace policies on health and wellbeing and argues that doing so will bring improvements to employee productivity and individual health. The Governments Health Working Lives strategy was developed

in conjunction with the National Health Service, the public and private sectors and Trade Unions.

The report urges employers to invest in the promotion of health and wellbeing of their employees arguing that by doing so they will see ‘significant benefits to the bottom line through improved attendance, better motivation, increased productivity and better staff retention’ (Health Works, 2009: 10). The report highlights evidence from small and medium sized organisations that invested in creating a healthy workplace. These investments provided returns ranging from £1 to £34 for each £1 invested. The research also highlighted widely accepted arguments on the merits of work for personal health. Scotland has enjoyed high rates of employment over the previous decade. In 2011, the employment rate stood at 71.7%, the highest employment rate of all UK countries (LFS March-May 2011, Office for National Statistics<sup>4</sup>). High employment rates have however been supported by high levels of public sector employment. Furthermore, there are wide disparities in employment rates between different areas within Scotland. Between 2009 and 2010, the gap in employment rates between three local authority areas with the highest employment rates and the three with the lowest rates was been 18.7%<sup>5</sup>.

Despite high levels of public sector employment, there were 307,770 private enterprises in Scotland in 2011. This represented an increase since March 2010 of 3.3%. Over the previous decade (2000 to 2011) there has been a 2.3% increase in the number of enterprises in Scotland. The number of small and medium sized businesses (SMEs) in Scotland was 305,540 as of March 2011, a 3.3% increase since March 2010<sup>6</sup>. In Scotland and the UK, SMEs provide a majority of the employment. 99.3% of all businesses were SMEs and they provided 53.6% of employment and 36.5% of turnover.

Size	2010	2011
0-49	291,990	301,915
50-249	3,655	3,625
250+	2,260	2,230

Table 1: Number of private enterprises in Scotland by size band  
Source: Scottish Government, Office for National Statistics

If we consider the figures in table 1 as a proportion of the total number of enterprises, their employment and their turnover, SMEs, although providing a lesser amount of enterprise turnover than large business make up the largest number of enterprises and a majority of employment in Scotland.

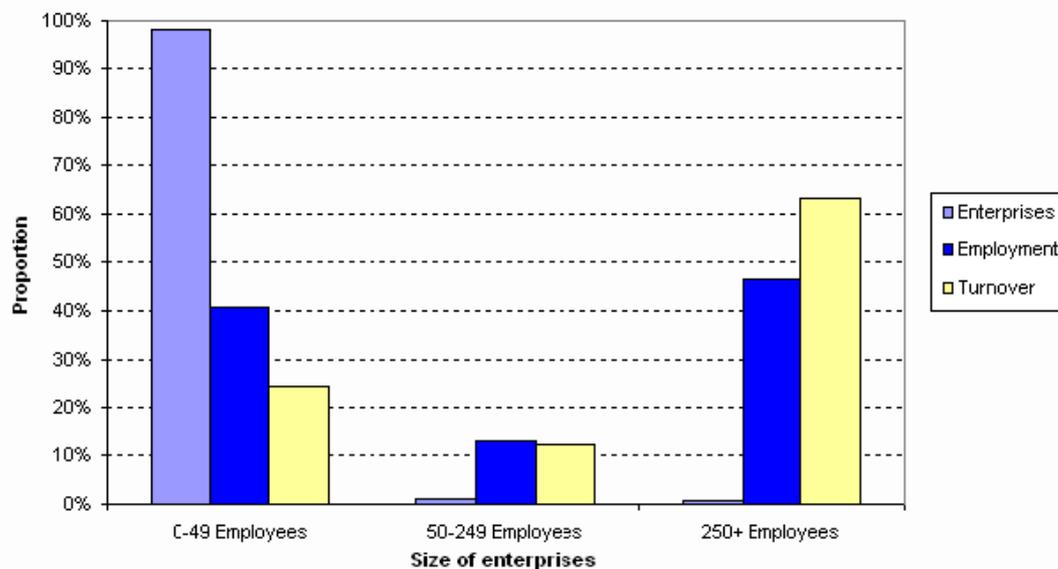


Figure 1.2 Share of enterprises, employment and turnover by size of enterprise, 2011  
Source: Scottish Government, Office for National Statistics.

## 2.1 The Importance of SMEs to the Economies of the UK and EU

As is evident from above SMEs provide a significant volume of the employment and training opportunities for employees both in the UK and across the EU. The economic health of SME is therefore closely tied to rates of national economic growth. The European Commission has recognised that the welfare of SMEs is an important factor to the regeneration of traditional industries that may have contracted or disappeared due to strong global competition<sup>7</sup>. Representing more than 99% of all businesses active in the EU and some 63% of business turnover<sup>8</sup>, SMEs are recognised as making a vital contribution to national economic growth. However it is also necessary to acknowledge differences between training and development between different types of SMEs and to avoid viewing SMEs as simply miniature versions of large firms<sup>9</sup>. The training activities conducted within SMEs, including those with a health dimension, differed significantly from that which was provided in large firms. Evidence suggests that within small firms there is a greater focus on the informal transfer of skills, training and knowledge among employees. While large firms have been shown to focus on the provision of formal qualifications as an outcome of training activities, SMEs training activities may not be as identifiable or clear cut as those taking place in larger firms<sup>10</sup>.

A further key question for consideration for the HLS project is the way in which the career motivations and expectations of owner-managers affect the culture and strategy of the business. Businesses that are viewed by their owner-managers as lifestyle businesses are unlikely to be growth driven as this would appear to conflict the reasons why the SME was founded<sup>11</sup>. Evidence suggests that SMEs established for lifestyle reasons, perhaps to enable the founder to pursue their own personal interests, may be more resistant to the use of informal training programmes if such programmes are not seen to impose administrative or resource costs that may divert the business owner from the founding principle of the business.

### 3. Relevance of Healthy Learning Environment in the Planning of In-House Training and Activities

The previously discussed Health Working Lives agenda of the Scottish Government emerged partly from earlier policy established after the Lisbon agreement and the Leitch review of skills. In Scotland, to drive the delivery of the Scottish Government's 'Healthy Working Lives' strategy the Scottish Centre for Healthy Working Lives (SCHWL) was established to drive the implementation of the Scottish Government's 'Healthy Working Lives' strategy. The aim of the SCHWL is to work with employers to 'enable them to understand, protect and improve the health of their employees'<sup>12</sup>. By following these principles, the organisation can support those in work remain in work. The SCHWL is deeply embedded in the culture of health improvement being a part of the National Health Service (NHS) in Scotland. Staff are therefore employees of the NHS and as such reflect the principles and ethos of the NHS. The aims of the SCHWL are aligned with the Health Works policy of the Scottish Government and aim to create: a healthier workforce; decreased sickness absence and presenteeism in workplaces; safer and healthier workplaces; improved productivity and individuals<sup>13</sup>.

Research commissioned by the SCHWL on understanding Scottish SMEs attitudes and needs in respect of workplace health issues demonstrated a range of key findings relevant to improving the working lives of employees in Scottish SMEs. The main findings of the research showed that SMEs attitudes to workplace related health issues varied considerably across SMEs. There were however some factors that were seen to affect the willingness of SMEs to consider issues around workplace health. These can be summarised as follows:

- *Company size* (small and medium sized enterprises being significantly more likely than micro businesses to proactively adopt measures other than those linked to legislative compliance)
- *Level of knowledge and understanding of workplace health issues.* SMEs interpret 'workplace health' in a narrow way and associate it mainly with health and safety legislation. This focus on health and safety created a hierarchy of concerns for SME with those issues that related to compliance with legislative aspects of health and safety receiving the highest priority. For SMEs, the primary focus for workplace health therefore 'centred on compliance related issues (e.g. risk assessments, legislation) or health and safety in a physical or functional context (i.e. the elimination of hazards, safe working methods, first aid). Only once such matters were addressed was there the potential to consider 'occupational health', with 'health promotion and wellbeing' / psychosocial issues remaining a peripheral concern (particularly for micro sizes businesses) – the latter dimensions being areas where employers' understanding is far less developed'<sup>14</sup>. It is clear that, given the pressures on SMEs and especially that are too small to have staff dedicated considering the role of healthy workplaces, there is a tendency to adopt a 'tick-box' approach to meeting health and safety legislation. Other non-legislative health at work issues have a tendency to be given a lower priority<sup>15</sup>.
- *Productivity.* Where SMEs perceived an opportunity to improve the productivity of employees through a healthier, happier and more motivated workforce then workplace health was recognised as an important factor. Several SMEs had

made a link between a healthier and more motivated workforce and opportunities for reducing the level of absenteeism and the economic benefits that flowed from this.

- *Business ethos.* A motivator for creating a healthy learning environment for SMEs was the opportunity it created for improving the ethos or culture of the organisation. A healthy learning environment was a way of improving staff morale and creating a generally happier workforce. This was seen to have business benefits in terms of improving staff retention and lowering staff turnover.
- *Competitive differentiation.* Several SMEs understood the role of a healthy learning environment in terms of improving the image of the business. Effective healthy learning programmes were seen to have a benefit in terms of the way in which they could improve the brand of the business and act as a way of positively differentiating the business from others.

#### **4. Feedback Provided by SMEs:**

##### **4.1 Barriers to the Roll Out of a Healthy Learning Environment in SMEs**

This section explores barriers to the implementation of a HLE in SMEs. Despite SMEs demonstrating a high level of understanding of the business and personal benefits from fostering a HLE, there continue to be several barriers that obstruct the implementation of a HLE agenda within SMEs. Principal amongst these was limited access to knowledge and understanding of workplace health related issues. Limited access to health and welfare information prevented business owners and managers from developing and implementing healthy learning programmes for their staff. Several others barriers were present including: demands on the time and resources of the business caused HLE matters to become a lesser priority; there were limited human resources in micro and small enterprises within which to implement a HLE; there were limited financial or material resources which, again, limited opportunities for SMEs to develop a healthy workplace culture; there were concerns within SMEs of the negative effects of participating in HLE activities. These concerns stemmed from the possibility of being placed under greater scrutiny and the possibility of an increased administrative burden from implementing a HLE. A further barrier to engagement in HLE activities were a lack of understanding of the positive impacts of HLE activities. It is clear that where SMEs lack understanding of the benefits of HLE, then there needs to be an evidence based programme to convince business owners and managers of the benefits of HLE for employees and employers.

SMEs are also subject to barriers to training in terms of time and a lack of relevant training opportunities. Hyland and Matley (1997) highlight the barriers to training arising from a lack of time and the provision of relevant training courses<sup>16</sup>. The uptake of relevant training such as that which will be provided under the HLE programme will be subject to a range of factors including: the prevailing economic conditions and the availability of relevant training; the cost of training, time constraints, lack of trainee cover, lack of in-house trainers, lack of trainee motivation and lack of trainee interest. As is widely known, SMEs frequently operate without any formal Human Resource department infrastructure placing owners and managers at the centre of decision making regarding the availability of training for employees<sup>17</sup>. Hill and Stewart (2000) note that

the combination of limited resources and a lack of a formal HR infrastructure has led SMEs to rely on formal government training programmes that by not be consistent with the informality and culture within the SME<sup>18</sup>.

## **4.2 Overcoming Barriers to Engagement with HLEs**

Interviews with SME provided an insight to the way in which barriers to engagement with HLE discussed in section 4.1 could be overcome. This section discusses several ways in which SMEs could be encouraged to provide a HLE for staff.

Research with SMEs highlighted the importance of providing quick and easy access to sources of information on improving health in the workplace. Unsurprisingly, the internet and email were considered to be the most effective means to learn and share information on workplace health. Approaches that adopted modern technology were seen to provide a greater level of control and convenience for SME owners and managers who had limited time and resources to devote to understanding the issue of HLE in the workplace. The use of ICT and computer based learning has the potential to offer an accessible, affordable and flexible solution to training within SMEs. However an ICT based approach to learning assumes the presence of sufficient IT capacity and connectivity within the firm. Where these are absent then there will be barriers to the delivery of training through ICT<sup>19</sup>.

In contrast to the positive perception of ICT in training, interviewees were less supportive of face-to-face consultations with individuals or organisations that were perceived to require a greater level of time commitment. There was also scepticism that the time and effort invested in face-to-face consultations would provide any significant level of added value for the SME given that there were already significant constraints on the human and capital resources available to undertake HLE related activities.

It was clear too that SMEs were concerned with the way in which their business was perceived both by customers and existing or potential competitors. Public credibility and trust were seen to be important aspects of developing sustainable and profitable businesses. The creation of a healthy learning environment was perceived to create an opportunity for businesses to demonstrate their commitment to a workplace where employees were motivated and healthy. The incorporation of HLE issues in the strategy of the business provided a compelling case for improving access to examples of a healthy workplace. Of SME's who participated in the research, a majority (56%) had sought advice or support regarding workplace related health issues from external sources. It should be noted however that this figure includes statutory issues related to health and safety and would therefore likely fall if we removed queries solely related to health and safety legislation. Despite this, a majority of organisations were able to provide an example of where workplace related health information had been provided from an external source suggesting that many SMEs would consider the role of an external advisor on HLE related issues.

Research by the SCHWL also suggests that SMEs attitude to the use of HLE issues in the workplace may also be explained by the extent to which they can be viewed as being innovative and early adopters of new ways of working or if there are 'laggard' elements within the management of the SME that create a tendency to inertia making

change difficult to achieve<sup>20</sup>. SMEs that are classified as ‘early adopters’ and ‘innovators’ are most receptive to considering work related health issues. The SCHWL research identified innovator and early adopter traits among IT, media, finance, oil, call centres and the voluntary and public sectors. The importance of these innovators is that they drive forward the adoption of innovative training programmes among firms that may be considered slower to adopt new procedures. If HLS related training can be introduced into early adopter and innovative firms, there would appear to be greater scope for acceptance of the need for such training in the firm but also that training may have a trickle-down effect, normalising the use of health learning training in SMEs.

Figure 1.3 (below) reports on the findings from a survey of Scottish SMEs. These appear to support the view that SMEs are actively seeking ways in which they can comply with, and put in place, additional measures to support workplace learning. Across all SMEs, 40% of firms interviewed would ‘consider additional measures as and when they arise’. A small proportion of firms, 18%, appear to have gone beyond the minimum level of training that is required by law and are proactively implementing additional training measures which have become established within the firm. It is perhaps relevant to note that it is the larger medium sized firms that appear to have gone further than their smaller counterparts in implementing health based measures that go beyond the minimum statutory requirements. This finding is consistent with the assumption that larger firms have a greater level of resources to direct towards training measures.

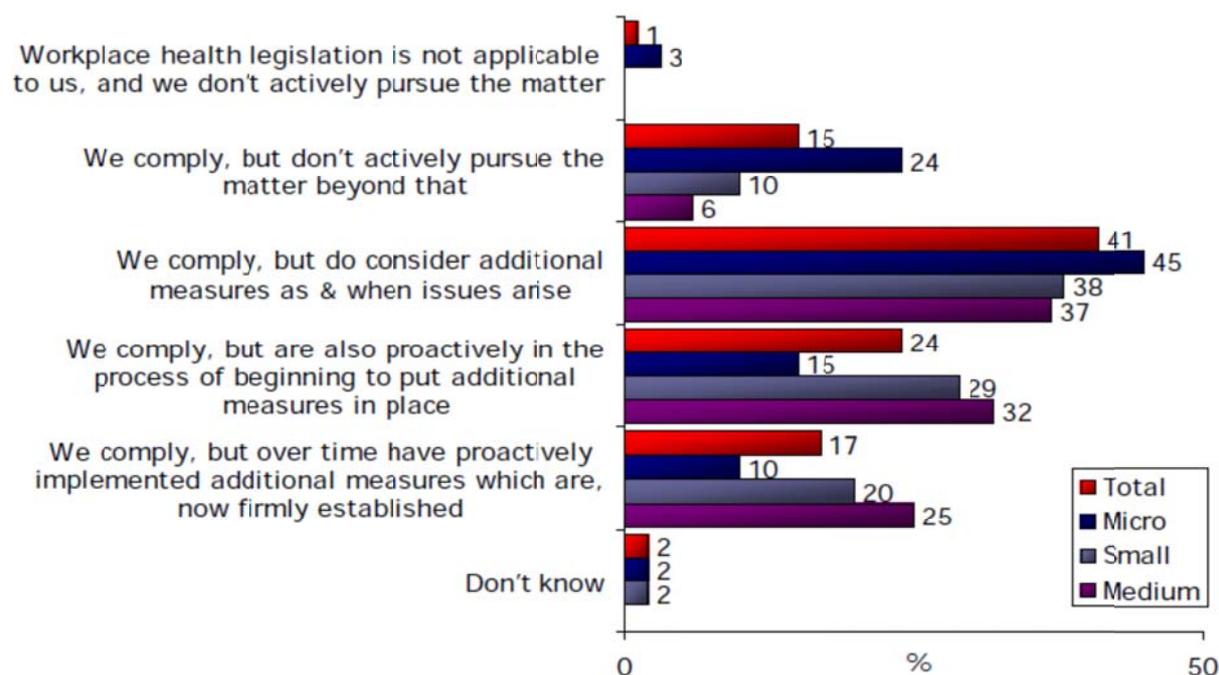


Figure 1.3: SME attitude to workplace related health issues. Source: Marketing and Communications SME Market Research. Final Report. Scottish Centre for Health Working Lives. March 2010<sup>21</sup>

### 4.3 Sources of Training

Within the UK, SMEs have access to several sources of training for employees. These range from government provision that ensures SMEs are complying with Health and Safety legislation to more informal sources of training through small specialist training providers from within the private sector. These training providers may themselves be SMEs and therefore have a good understanding of the training needs of businesses.

The Health and Safety Executive<sup>22</sup> (HSE), the UK national body that regulates work-related health, safety and illness, was the most common source of advice and training for SMEs. The HSE was viewed by SMEs as having specialist knowledge in the field. Almost 45% of respondents had made use of the HSE. However with respect to the focus of the Health Learning in SMEs project, the training and advice provided by the HSE is broadly based on ensuring SMEs compliance with statutory workplace health and safety guidelines. Although there may be some overlap with the training and advice provided under statutory provision and the use of informal learning within SME that is the focus of the project, the principle focus should be on how learning is happening within SMEs. The use of informal learning is vital to this process and we would not expect the range of services provided by the HSE to fully reflect how learning is taking place within SMEs.

Figure 1.4 outlines the range of sources of training for SMEs in Scotland. The most frequently accessed sources of training are those provided by government and public bodies. Although SMEs do perhaps view these training sources as having knowledge and expertise in their respective area, it is also likely that much of the training and learning opportunities provided will come at a low or no cost to the SME. This would be consistent with the previously discussed barrier to learning; limited financial and human resources to provide training and learning opportunities within the SME. It is interesting to note that medium sized businesses are twice as likely to access training provision from private providers than are small businesses. This finding presumably reflects the greater level of capital and human resources within larger firms that enable them to allocate a higher proportion of their revenue to training opportunities. With respect to the HLS project, it seems likely that opportunities to create healthy learning environments in SMEs will be strengthened by being able to offer these services at no additional cost to small businesses.

A further important point to note was differences in the rate of training accessed by employment sectors. The classification of 'SME' refers only to the size of a business as measured by the number of employees. However the industrial sector that the SME occupies also appears to be a factor affecting the rate at which training and learning opportunities are accessed. 47% of SMEs in the primary sector, which would include businesses operating as contractors to the oil and gas sectors and agriculture, had relatively high rates of not attending training and learning activities<sup>23</sup>. This compared with 25% of SMEs in the construction sector and 13% in the production sector. One explanation for this variance was that the skills required in the primary sector were seen as being acquired on the job rather than being supplied by external training providers. AS one interviewee described, 'it's experience and common sense really isn't it? If I needed advice...our industry association is constantly circulating advice'<sup>24</sup>

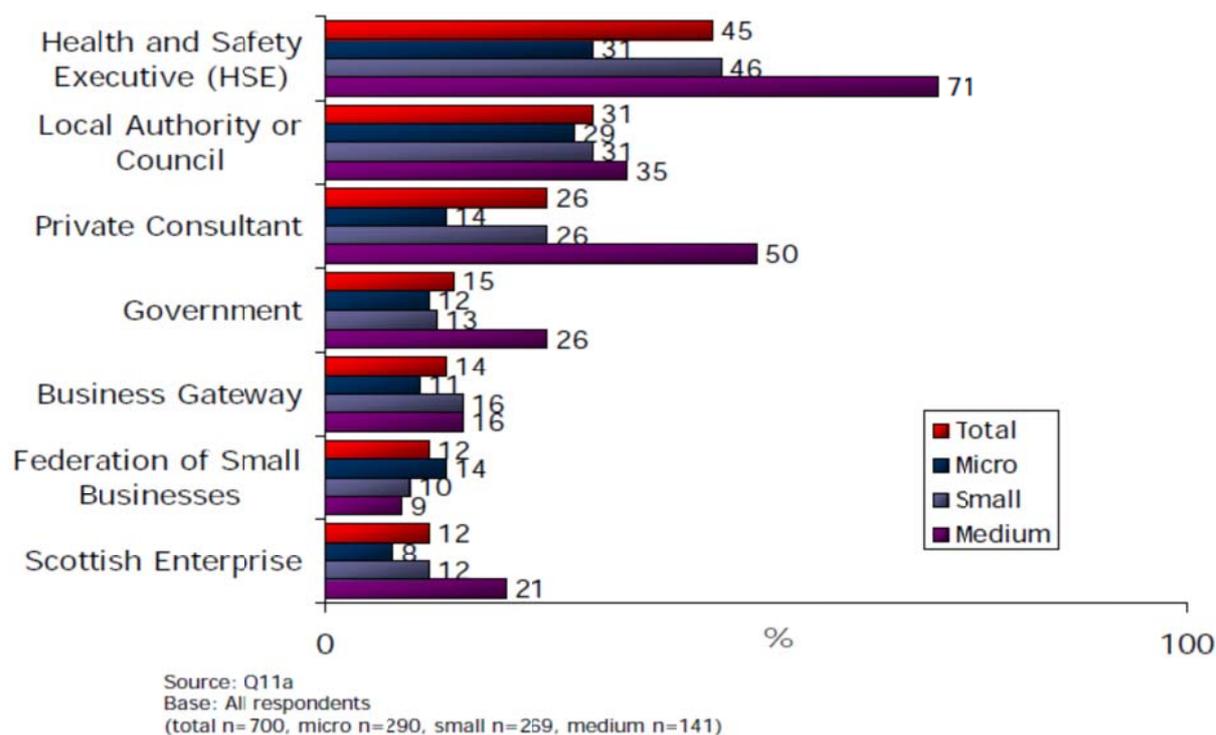


Figure 1.4: Sources of training for SMEs in Scotland. Source: Marketing and Communications SME Market Research. Final Report. Scottish Centre for Health Working Lives. March 2010<sup>25</sup>

## 5. Identification of Best Practices

Why do SMEs choose to undertake training and learning activities and are there examples of initiatives that constitute best practice and which can be transferred to other national and EU states? This section provides some early findings on this matter.

Key drivers for SMEs to engage in training and learning activities for their employees can be categorised as: moral; legal and financial. The influence of each of these factors will of course vary between organisations but they stand as a useful starting point to understand the reasons why an SME would choose to undertake training and learning and the subsequent examples of best practice that may subsequently arise.

Businesses may choose to implement training and learning actions to fulfil certain moral responsibilities. All businesses must operate with the consent of the society in which they are embedded. By adhering to specific legal constraints that regulate the way in which employees and employers are expected to behave then the business will gain wider societal acceptance. However at a more fundamental level, the widespread introduction of Health and Safety legislation in the UK presumes that employers have a duty of care for employees and those who may be affected by the activities of the business. A manager or business owner may choose to implement a healthy learning programme for their workforce though a belief that by doing so they are fulfilling their responsibilities of care to their employees. The health of employees may be intrinsically tied to their ability to access formal and informal learning programmes that offer the opportunity to improve the health of the workforce.

Legal and moral dimensions may help explain *why* a business brings about improvements to its learning environment however it is useful to highlight specific cases of good practice in the creation of a learning environment.

Empirical and secondary research highlights several factors that are crucial to the emergence of an effective learning environment. These include:

- Effective learning environments promoted open communication within the workplace and encouraged social and informal forms of learning
- If the business owner thought that employees had the capacity to learn and to acquire new skills and experience in a way that would benefit the organisation, then workplace learning was more effective.
- Employee willingness to participate in and engage with new forms of learning were vital to the effectiveness of learning outcomes within the SME. Where employees understood a link between learning, skills development and career progression they were more likely to engage in learning activities.
- Employees in companies where there was a history of engagement in training and learning were more likely to find the transition to a learning environment easier to manage.
- In some SMEs, employees saw learning as a responsibility each employee had to the SMEs. The benefits of learning were widely understood in terms of increased productivity and efficiency for the business. Benefits were also understood through improvements in soft skills such as communication and confidence.
- Employers that established a clear link between engagement in training, the acquisition of skills and improvements in job prospects were likely to create strong incentives for engagement in learning activities.
- Employers could improve incentives for engagement in learning activities by aligning training and qualifications with work practices. The provision of access to training and qualifications that enabled employees to develop existing knowledge and skills made training activities more relevant.

## 6. Conclusions

SMEs are a vital element of the economic makeup of modern economies. In the UK, they represent the largest share of enterprises. However there continue to be issues around their ability to implement effective learning strategies. Several of these issues have been highlighted in this paper. Principally among these issues are:

- Human and financial resource constraints limit opportunities for employees within SMEs to engage in training. Costs were a concern both in terms of the opportunity cost of an employee leaving their position to complete training and the cost of the training itself.
- Among managers in SMEs there was a lack of knowledge about training opportunities. Managers were unsure what training was most relevant to the skill needs of the business and were unclear about sources of information on training.
- Employees could appear unwilling to engage in learning opportunities. There were limits to what managers and business owners could do with regard to encouraging participation in training.

- Managers expressed concerns that employees who became better qualified might choose to leave the SME in favour of a better paid position at another employer.
- Further barriers to workplace learning included: managers not providing enough time during the working day to participate in training; family commitments; low confidence.
- In many SMEs, the issue of workplace health is regarded as an add-on. There is widespread awareness and acceptance of the need to comply with statutory Health and Safety legislation but doubts about the need to go beyond this to include the personal health of employees.
- SMEs do not appear to be proactive in seeking the information, advice or support that would improve engagement with learning activities. However there are positive signs that SMEs are willing to use the internet to enable employees to access relevant training.

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<sup>1</sup> The Health and Safety Executive (2010) Statistics 2009/10, National Statistics, <http://www.hse.gov.uk/statistics/overall/hssh0910.pdf>

<sup>2</sup> Leitch Review of Skills [http://webarchive.nationalarchives.gov.uk/+http://www.hm-treasury.gov.uk/leitch\\_review\\_index.htm](http://webarchive.nationalarchives.gov.uk/+http://www.hm-treasury.gov.uk/leitch_review_index.htm)

<sup>3</sup> Healthy Working Lives – a plan for action, Scottish Executive, 2004

<sup>4</sup> Office for National Statistics

<sup>5</sup> Local Area Labour Markets in Scotland. Statistics from the Annual Population Survey 2010. Available at: <http://www.scotland.gov.uk/Resource/Doc/933/0120128.pdf>.

<sup>6</sup> Scottish Corporate Sector Statistics – Key Facts 2011. Available at: <http://www.scotland.gov.uk/Topics/Statistics/Browse/Business/Corporate/KeyFacts>

<sup>7</sup> Commission of the European Community (1998), "Developing European SMEs: a study of European SMEs adopting the Internet", ESPRIT/TBP project no. 22336, .

<sup>8</sup> Matlay, H. (2000), "Training and the small firm", in Carter, S., Jones-Evans, D. (Eds), *Enterprise and Small Business*, Harlow, Pearson Education, Financial Times, Prentice-Hall, Englewood Cliffs, NJ, .

<sup>9</sup> Westhead, P., Storey, D. (1997), *Training Provision and Development of Small and Medium-sized Enterprises*, HMSO, London, Research Report No. 26,

<sup>10</sup> Matlay, H. (2000), "Training and the small firm", in Carter, S., Jones-Evans, D. (Eds), *Enterprise and Small Business*, Harlow, Pearson Education, Financial Times, Prentice-Hall, Englewood Cliffs, NJ,

<sup>11</sup> Gray, C., Lawless, N. (2000), "Innovations in the distance development of SME management skills", available at: [www.nks.no/eurodl/shoen/Gray.html](http://www.nks.no/eurodl/shoen/Gray.html) (accessed 30 January 2001), .

<sup>12</sup> Scottish Centre for Healthy Working Lives website. 2012. Available at: <http://www.healthyworkinglives.com/about/aims-and-objectives.aspx>

<sup>13</sup> Scottish Centre for Healthy Working Lives website. 2012. Available at: <http://www.healthyworkinglives.com>

<sup>14</sup> Marketing and Communications SME Market Research. Final Report. Scottish Centre for Health Working Lives. March 2010

<sup>15</sup> In the UK employers of all sizes are required by law to provide a safe workplace for their employees. The law requires employers to undertake the following things to ensure a safe workplace: make the workplace safe; prevent risks to health; ensure that plant and machinery is safe to use, and that safe working practices are set up and followed; make sure that all materials are handled, stored and used safely; provide adequate first aid facilities; tell employees about any potential hazards from the work you do, chemicals and other substances used by the firm, and give you information, instructions, training and supervision as needed; set up emergency plans; make sure that ventilation, temperature, lighting, and toilet, washing and rest facilities all meet health, safety and welfare requirements; check that the right work equipment is provided and is properly used and regularly maintained; prevent or control exposure to substances that may damage your health; take precautions against the risks caused by flammable or explosive hazards, electrical equipment, noise and radiation avoid potentially dangerous work involving manual handling and if it can't be avoided, take precautions to reduce the risk of injury; provide health supervision as needed; provide protective clothing or equipment free of charge if risks can't be removed or adequately controlled by any other means; ensure that the right warning signs are provided and looked after; report certain accidents, injuries, diseases and dangerous occurrences to either the Health and Safety Executive (HSE) or the local authority, depending on the type of business. If an employee is found to have breached their duties in relation to the welfare of employees they may be liable to prosecution.

<sup>16</sup> Hyland, T., Matlay, H. (1997), "Small businesses, training needs and VET provision", *Journal of Education and Work*, Vol. 10 No.2, pp.129-39.

<sup>17</sup> Gray, C., Lawless, N. (2000), "Innovations in the distance development of SME management skills"", available at: [www.nks.no/eurodl/shoen/Gray.html](http://www.nks.no/eurodl/shoen/Gray.html) (accessed 30 January 2001)

<sup>18</sup> Hill, R., Stewart, J. (2000), "Human resource development in small organisations", *Journal of European Industrial Training*, Vol. 24 No.2/3/4, pp.105-17.

<sup>19</sup> Brock, J.K.-U. (2000), "Information and communication technology in the small firm", in Carter, S., Jones-Evans, D. (Eds), *Enterprise and Small Business*, Harlow, Pearson Education, Financial Times, Prentice-Hall, Englewood Cliffs, NJ

<sup>20</sup> Marketing and Communications SME Market Research. Final Report. Scottish Centre for Health Working Lives. March 2010

<sup>21</sup> Marketing and Communications SME Market Research. Final Report. Scottish Centre for Health Working Lives. March 2010. Available at: <http://www.healthyworkinglives.com/resources/index.aspx>

<sup>22</sup> Website of the UK Health and Safety Executive <http://www.hse.gov.uk/>

<sup>23</sup> Department for Business, Innovation and Skills. BIS Small Business Survey. 2010.

<sup>24</sup> Marketing and Communications SME Market Research. Final Report. Scottish Centre for Health Working Lives. March 2010: 25. Available at: <http://www.healthyworkinglives.com/resources/index.aspx>

<sup>25</sup> Marketing and Communications SME Market Research. Final Report. Scottish Centre for Health Working Lives. March 2010. Available at: <http://www.healthyworkinglives.com/resources/index.aspx>